

## Message Text

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ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 PA-02 ICA-20 PM-05 SS-15  
ACDA-12 CIAE-00 INR-10 IO-14 L-03 NSAE-00 NSC-05  
EB-08 NRC-07 OES-09 SOE-02 DODE-00 SP-02 CEQ-01  
SAS-02 /144 W

-----048510 022056Z /62

R 311700Z AUG 78  
FM AMEMBASSY BRASILIA  
TO SECSTATE WASHDC 8850  
INFO USDOE WASHDC  
AMEMBASSY BONN  
AMEMBASSY BUENOS AIRES  
AMEMBASSY THE HAGUE  
AMEMBASSY LONDON  
AMEMBASSY VIENNA  
AMCONSUL RIO DE JANEIRO  
AMCONSUL SAO PAULO

UNCLAS BRASILIA 6864

USIAEA

E.O. 11652: N/A  
TAGS: ENRG, BR, MNUC  
SUBJECT: NUCLEAR ISSUE - EXCHANGE OF NOTES SCHEDULED BETWEEN BRAZIL  
AND URENCO PARTNERS

REF: BRASILIA 4647

1. THE BRAZILIAN PRESS HAS ANNOUNCED FOR 1 SEPTEMBER A  
CEREMONIAL EXCHANGE OF NOTES BETWEEN THE GOB AND THE THREE  
GOVERNMENTS MAKING UP THE URENCO PARTNERSHIP. THE NOTES WILL  
FORMALIZE THE BRAZILIAN AGREEMENT TO THE TERMS OF THE  
COMPROMISE WHICH ENDED THE IMPASSE ON URENCO FUEL SUPPLY TO  
BRAZIL (REFTEL). AT THE SAME TIME, ACCORDING TO PRESS ACCOUNTS,  
THE GOB HAS OBTAINED CONCESSIONS WHICH RAISE THE STATUS OF THE  
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FUEL SUPPLY AGREEMENT FROM THAT OF A PURELY COMMERCIAL CONTRACT  
TO THAT OF A GOVERNMENT-TO-GOVERNMENT AGREEMENT, WITH  
THE URENCO GOVERNMENTS ASSUMING RESPONSIBILITY FOR  
INSURING IMPLEMENTATION OF THE COMMERCIAL CONTRACT BETWEEN  
THE BRAZILIAN NUCLEAR DEVELOPMENT AGENCY, NUCLEBRAS,  
AND URENCO.

2. THE GOB ALSO OBTAINED THE AGREEMENT OF THE URENCO PARTNERS TO ITS PROPOSAL THAT IN THE EVENT AN IAEA PLUTONIUM STORAGE REGIME IS NOT AGREED TO IN ADVANCE OF BRAZILIAN PLUTONIUM PRODUCTION, THE AD HOC AGREEMENT ON PLUTONIUM STORAGE BETWEEN BRAZIL AND THE URENCO PARTNERS WHICH WILL THEN BE REQUIRED WILL ALSO BE APPLIED TO ALL OTHER URENCO CUSTOMERS. IN EXCHANGE FOR THIS APPARENT CONCESSION TO BRAZILIAN SENSITIVITY ABOUT DISCRIMINATORY TREATMENT, THE GOB WILL COMMIT ITSELF TO ACTIVELY WORK FOR ADOPTION OF AN IAEA PLUTONIUM STORAGE REGIME.

3. ACCORDING TO THE PRESS ACCOUNTS, THE EXCHANGE OF NOTES ON 1 SEPTEMBER IN BRASILIA WILL BE FOLLOWED SHORTLY BY AN EXCHANGE OF NOTES AMONG THE URENCO PARTNERS IN BONN IN WHICH THE BRITISH AND DUTCH GOVERNMENTS EACH AGREE TO BE RESPONSIBLE FOR SUPPLYING THE FRG WITH THE ENRICHED URANIUM NECESSARY FOR THE BRAZILIAN PROGRAM, AND THE FRG AGREES TO BE RESPONSIBLE FOR SUPPLYING THE FUEL TO THE GOB. THE INTENT OF THIS EXCHANGE APPEARS TO BE TO EMPHASISE THE RESPONSIBILITIES ASSUMED BY THE URENCO GOVERNMENTS AND TO DOCUMENT THE ROLE OF THE BRITISH AS ALTERNATE OR SUPPLEMENTAL SUPPLIERS OF BRAZILIAN ENRICHED URANIUM NEEDS WITHIN URENCO.

4. ACCORDING TO PRESS ACCOUNTS OVER THE PAST SEVERAL WEEKS, THE GOB HAD BEEN UNHAPPY OVER THE DELAY OF THE URENCO GOVERNMENTS IN RESPONDING TO A GOB COUNTER-PROPOSAL  
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FOR THE TEXTS OF THE NOTES. THE REPRESENTATIVES OF THE URENCO GOVERNMENTS IN BRASILIA ATTRIBUTED THE DELAYS TO THE EUROPEAN SUMMER VACATION PERIOD, BUT THE 30 AUGUST PRESS ACCOUNTS ANNOUNCING AGREEMENT ON THE NOTES TO BE EXCHANGED ACKNOWLEDGED THAT THE URENCO GOVERNMENTS HAD ENCOUNTERED DIFFICULTIES IN ACCEPTING THE TEXTS WHICH THE GOB HAD COUNTER-PROPOSED. THE PRESS SPECULATED ABOUT AN APPARENT URGENT DESIRE OF THE GOB TO CONCLUDE THE DISCUSSIONS BEFORE THE DUTCH PARLIAMENT RETURNED FROM ITS SUMMER VACATION, BUT REPORTED THAT IN THE END THE TEXTS COUNTER-PROPOSED BY THE GOB HAD BEEN ACCEPTED WITH ONLY SEMANTIC CHANGES.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NUCLEAR AGREEMENTS, URANIUM, NUCLEAR FUELS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 31 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Subject:** NUCLEAR ISSUE - EXCHANGE OF NOTES SCHEDULED BETWEEN BRAZIL AND URENCO PARTNERS  
**TAGS:** ENRG, MNUC, BR, URENCO  
**To:** STATE  
**Type:** TE  
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